

# Cost Savings Policy - 6.4.P (12/15/99)

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[Last Update: \(12/15/99\) ABachicha:dal - 6.4.P.0](#)

[Background - 6.4.P.1](#)

[Policy - 6.4.P.2](#)

[Guideline - 6.4.G](#)

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## Last Update: (12/15/99) ABachicha:dal - 6.4.P.0

This policy has been reformatted for placement on Sandia's External Web site.

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## Background - 6.4.P.1

Both the National Contract Management Association (NCMA) and the National Association of Purchasing Management (NAPM) subscribe to the use of cost savings (a.k.a. price savings, cost avoidance and cost improvements) as a measure of effectiveness for procurement organizations. At SNL, the number of reportable cost saving actions and the total reportable dollar savings are included in the Procurement and Logistics Center and Logistics Quarterly and Annual Reports.

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## Policy - 6.4.P.2

It is SNL's policy to pursue actively the lowest reasonable price/cost attainable on all

procurement actions. Methodologies utilized in this pursuit include, but are not limited to:

- obtaining adequate price competition (See Guideline 1.3.G - Competitive vs. Noncompetitive Procurements),
- making multiple contract/order awards when cost effective (See Guideline 2.1.G - Solicitation Document), and
- negotiating reductions from quoted prices for:
  - price competitive acquisitions (See Guideline 3.1.G - Best-Value Source Selection/Commercial-Like Practice, Guideline 3.2.G - Contract Price/Cost and Profit/Fee Considerations, Guideline 1.3.G - Competitive vs. Noncompetitive Procurements), and
  - nonprice competitive acquisitions (See Guideline 3.1.G - Best-Value Source Selection/Commercial-Like Practice, Guideline 3.2.G - Contract Price/Cost and Profit/Fee Considerations, and , Guideline 1.3.G - Competitive vs. Noncompetitive Procurements).

The SCR should use the information in this policy to:


- determine the reportability of a cost savings action, and
- document all single or aggregate reportable transactions which result in positive cost savings of \$5,000 or more, whether:
  - actual (for fixed-price contracts), or
  - anticipated (for cost-type contracts).


Reportable cost savings which are less than \$5,000 may be aggregated by the SCR and submitted when savings accumulated are equal to or exceed \$5,000, or at the end of the fiscal year.

To assure a level of consistency in the cost savings documentation found in contract files, all cost savings reported are subject to critical review by the cognizant Procurement Department Manager.

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Send feedback on ideas and information on this page to the Process Expert, Adolph Bachicha.

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